IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants:	Bea Calo et al.	§	Confirmation No.:	5934
		§		
		§	Group Art Unit:	3691
Serial No.:	09/769,036	§		
		§	Examiner:	Olabode Akintola
Filed:	January 24, 2001	§		
		§	Attorney Docket No.:	1991-00301
		§		
For:	Global Trading System	§	Client Ref No.:	T30364US

APPEAL BRIEF

Mail Stop Appeal Brief – Patents   Date: February 22, 2010
Commissioner for Patents
PO Box 1450
Alexandria, VA 22313-1450

Sir:

Appellants hereby submit this Appeal Brief in connection with the above-identified application. A Notice of Appeal was filed on December 21, 2009.

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I.   REAL PARTY IN INTEREST

The real party in interest is E*TRADE Group, Inc., a corporation organized and existing under the laws of the State of California, having its principal place of business at 4500 Bohannon Drive, Menlo Park, California 94025.

II.   RELATED APPEALS AND INTERFERENCES

There are no other prior or pending appeals, interferences or judicial proceedings known to Appellants, the Appellants' legal representative, or assignee which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III.   **STATUS OF CLAIMS**

Originally filed claims:	1-45.
Canceled claims:	1, 2, 5, 8-10, 14-20, 23, 27, 28, 30-45.
Amended claims:	3, 6, 11, 13, 21, 26.
Added claims:	46.
Allowed claims:	None.
Presently rejected claims:	3, 4, 6, 7, 11-13, 21, 22, 24-26, 29, 46.
Presently appealed claims:	3, 4, 6, 7, 11-13, 21, 22, 24-26, 29, 46.

IV.   STATUS OF AMENDMENTS

Appellants have not filed any amendments subsequent to the Examiner's final rejection dated June 25, 2009.

V.   SUMMARY OF CLAIMED SUBJECT MATTER

Claim 3 is directed to a computerized system for trading securities and commodities, comprising a computerized introducing affiliate in a first country for accepting a transaction order from a customer and transmitting the transaction order electronically, where the transaction order is for the handling of a security or commodity (page 13, ℓ. 7-10 and Figure 6A, items 621 and 622). The system also comprises an exchange on which the security or commodity is traded (Figure 6A, item 629). The system further comprises a computerized executing affiliate in a second country for electronically receiving the transaction order and executing the transaction order on the exchange (page 13, ℓ. 13-15 and Figure 6A, items 628 and 629). The system still further comprises a global hub connected between the introducing affiliate and the executing affiliate (page 13, ℓ. 9-13 and Figure 6A, item 624). The global hub electronically routes the transaction order from the introducing affiliate to the executing affiliate (page 13, ℓ. 9-13 and Figure 6A, item 624).

The transaction order is to sell an equity, and the executing affiliate electronically transmits proceeds from the sale of the equity to the global hub (page 15, ℓ. 2-11 and Figure 7A, items 725, 728, 732). As a result of detecting a corporate action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub (page 32, ℓ. 20 to page 33, ℓ. 16 and Figure 10A). The messages contain information pertaining to the open transaction orders affected by the corporate action (page 32, ℓ. 20 to page 33, ℓ. 16 and Figure 10A). As a result of receiving the messages, the global hub forwards to the introducing affiliate at least one message containing information pertaining to open transaction orders placed by the introducing affiliate (page 28, ℓ. 10-13 and Figure 10A). Additional support for this claim may be found at least in Figures 2, 6B, 7B, 8A and 8B and corresponding portions of the specification.

Claim 6 is directed to a computerized system for trading securities and commodities. The system comprises a computerized introducing affiliate in a first country for accepting a transaction order from a customer and transmitting the transaction order

electronically, where the transaction order is for the handling of a security or commodity (page 7, ℓ. 21 to page 8, ℓ. 9 and Figure 3A, items 321 and 322). The system also comprises an exchange on which the security or commodity is traded (Figure 3A, item 329). The system further comprises a computerized executing affiliate in a second country for electronically receiving the transaction order and executing the transaction order on the exchange (page 8, ℓ. 10-13 and Figure 3A, items 328 and 329). The system still further comprises a global hub connected between the introducing affiliate and the executing affiliate (page 8, ℓ. 8-12 and Figure 3A, item 324). The global hub electronically routes the transaction order from the introducing affiliate to the executing affiliate (page 8, ℓ. 8-12 and Figure 3A, item 324).

The transaction order is to purchase an equity, and the introducing affiliate electronically transmits currency for the purchase of the equity to the global hub (page 10, ℓ. 4-6 and Figure 4A, items 422, 423, 425). As a result of detecting a business action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub (page 32, ℓ. 20 to page 33, ℓ. 16 and Figure 10A). The messages contain information pertaining to the open transaction orders affected by the business action (page 32, ℓ. 20 to page 33, ℓ. 16 and Figure 10A). As a result of receiving the messages, the global hub forwards to the introducing affiliate at least one message containing information pertaining to open transaction orders placed by the introducing affiliate (page 28, ℓ. 10-13 and Figure 10A). Additional support for this claim may be found at least in Figures 2, 4B, 5A, 5B and corresponding portions of the specification.

Claim 21 is directed to a method of selling a security or commodity. The method comprises accepting an electronic transaction order from a first customer in a first country to sell a stock, where the stock is being traded on a first financial exchange (page 13, ℓ. 7-10 and Figure 6A, items 621, 622, 629). The method further comprises checking an account in a customer account for the first customer to determine if the customer owns the stock (page 13, ℓ. 10-13). The method further comprises electronically transmitting the transaction order to the first financial exchange via a global hub, where the global hub

is electronically connected to both a second financial exchange and the first financial exchange (page 13, *l*. 13-15 and Figure 6A, items 622, 624, 627, 629). The method further comprises selling the stock on the first financial exchange (page 13, *l*. 15 and Figure 6A, items 628, 629). The method also comprises electronically transmitting proceeds from the sale of the stock from the first financial exchange to the customer account via the global hub (page 15, *l*. 10-14 and Figure 7A, items 729, 732, 725, 723).

As a result of a business action, the method includes transferring one or more messages containing information pertaining to the open transaction orders affected by the business action to the global hub (page 32, *l*. 20 to page 33, *l*. 16, page 24, *l*. 2-10 and Figure 10A). As a result of receiving the messages, the method also comprises forwarding to the customer at least one message containing information pertaining to open transaction orders placed by the customer (page 28, *l*. 10-13, page 24, *l*. 2-10 and Figure 10A). Additional support for this claim may be found at least in Figures 2, 6B, 7B, 8A and 8B and corresponding portions of the specification.

Claim 26 is directed to a method of buying a security or commodity. The method comprises entering a transaction order for the purchase of a security of commodity into a first computerized system (page 7, *l*. 21 to page 8, *l*. 9 and Figure 3A, items 321 and 322). The method further comprises transmitting the transaction order electronically to a second computerized system, the second computerized system being connected to a plurality of stock exchanges in a plurality of countries (Figure 3A, items 324, 327). The method further comprises receiving from the second computerized system execution details regarding the purchase of the security or commodity in response to the transaction order (page 8, *l*. 9-13 and Figure 3A, items 324, 328, 329). The purchase of the security or commodity is made by a stock exchange member connected to the second computerized system (page 8, *l*. 13 and Figure 3A, items 328 and 329). The first computerized system maintains a customer account in a first currency and the security or commodity trades on a stock exchange in a second currency (page 10, *l*. 6-8). The second computerized system converts the first currency to the second currency to purchase the security or commodity (page 10, *l*. 6-8 and Figure 4A, items 425, 426).

As a result of a business action, the second computerized system transfers to the global hub one or more messages containing information pertaining to the open transaction orders affected by the business action (page 32, ℓ. 20 to page 33, ℓ. 16 and Figure 10A). As a result of receiving the messages, the global hub forwards to the first computerized system at least one message containing information pertaining to open transaction orders placed at the first computerized system (page 28, ℓ. 10-13 and Figure 10A).

VI.   GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Whether under 35 U.S.C. § 103(a) claims 3, 4, 6, 7, 11, 13, 26, 29 and 46 are obvious over the combination of U.S. Patent No. 5,424,938 ("Wagner"), U.S. Patent No. 6,029,146 ("Hawkins"), U.S. Patent No. 6,014,643 ("Minton") and U.S. Patent App. No. 2002/0032642 ("Chichilnisky").

Whether under 35 U.S.C. § 103(a) claim 12 is obvious over the combination of Wagner, Hawkins, Minton and Chichilnisky and further in view of U.S. Patent App. No. 2003/0208440 ("Harada").

Whether under 35 U.S.C. § 103(a) claims 21, 22, 24 and 25 are obvious over the combination of Hawkins, Harada, Minton and Chichilnisky.

VII.   ARGUMENT

The claims do not stand or fall together. Instead, Appellants present separate arguments for various independent and dependent claims. The groupings below are for purposes of appeal only and should not be construed to mean the patentability of any of the claims may be determined, in later actions before a court, based on the grouping. Instead, the presumption of 35 U.S.C. § 282 shall apply to each claim individually.

A.   Discussion of References Cited by Examiner

1.   Discussion of Chichilnisky

Chichilnisky discloses a secure virtual exchange and distributed database for cross-border securities transactions. The exchange provides a network of asset managers, broker dealers, global custodians and subcustodians. The distributed database is utilized for execution, trade settlements and corporate action events processing. (Chichilnisky Abstract).

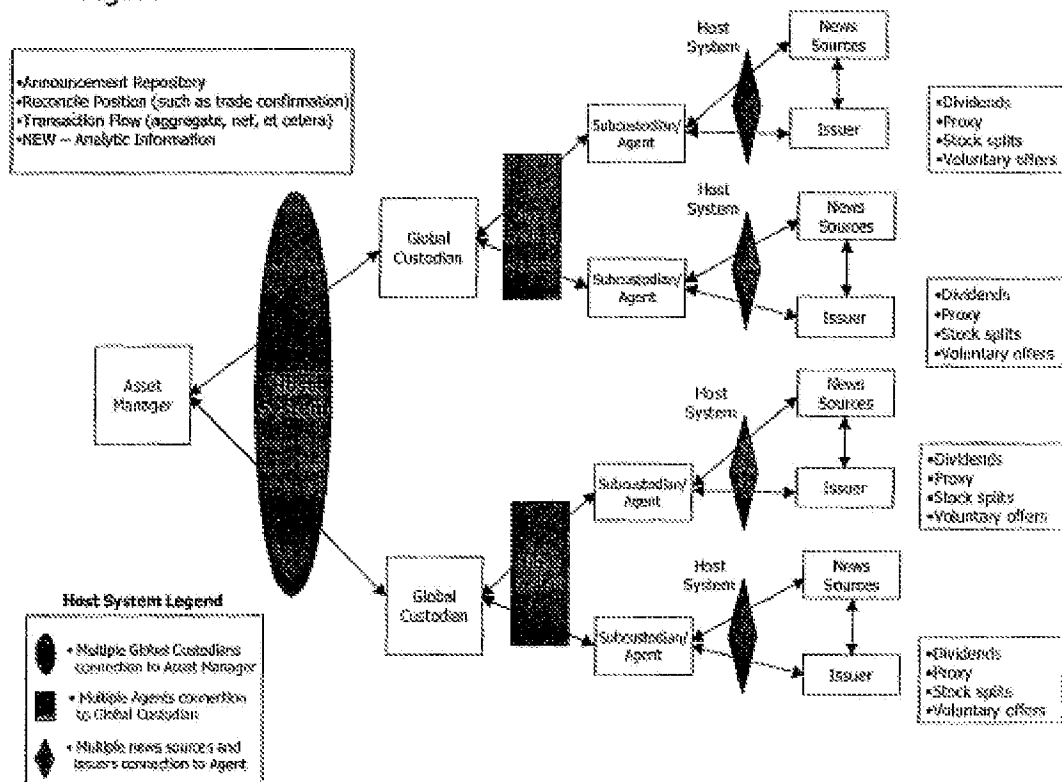Figure 11 is reproduced below for convenience:

Figure 11

Figure 11 shows a schematic diagram of the system taught by Chichilnisky. Chichilnisky discloses that the host system "provide[s] for intelligent capture of dividends, proxies, stock splits, voluntary offers, and other corporate actions event information flowing from the news sources and issuers to the subcustodian." (Chichilnisky ¶ 0059). The host system processes event information that alerts individuals to errors and conflicting source data. (Chichilnisky ¶ 0059). The secure virtual exchange, which includes the global custodians and subcustodians of Figure 11, enables reporting of trading positions, announcements, instructions, recaps and updates on portfolios for corporate actions events. (Chichilnisky ¶¶ 0103-0104).

Although Chichilnisky discloses a system which may be utilized for or enables corporate actions event processing for a portfolio, Appellants do not find any teaching or suggestion in Chichilnisky of transferring messages pertaining to open transaction orders affected by the corporate action from a computerized executing affiliate to a global hub as

a result of detecting a corporate action. Furthermore, Appellants do not find any teaching or suggestion in Chichilnisky of the global hub forwarding at least one of the messages to a computerized introducing affiliate as a result of receiving the messages.

2. Discussion of Minton

Minton discloses an interactive securities trading system where a first user enters an offer to sell a security at a first data processing system. The offer travels over a network to a server and is eventually sent to a second data processing system where a second user enters an acceptance to the first user's offer to sell the security. This acceptance is transmitted back to the server and triggers a debit of an account belonging to the second user for the amount of the security purchased (Minton Abstract).

Figure 6 is reproduced below for convenience:

Fig. 6

Figure 6 shows a screen where information relating to an order to buy a security is entered. The screen contains an expiration of order field 628, which allows the user to specify when a limit order should expire. The screen also contains a special order field

610, which allows the user to place special conditions on an order such as not automatically reducing the limit price if the security specified pays a dividend (Minton col. 11, ℓ. 19-25).

Although Minton discloses the ability to allow or disallow automatic reduction of a limit price if a security pays a dividend, Appellants do not find any teaching or suggestion in Minton of detecting a corporate action and, as a result, transferring messages pertaining to open transaction orders affected by the corporate action from a computerized executing affiliate to a global hub and then forwarding at least one message to a computerized introducing affiliate.

B.   The Examiner erred in rejecting claims 3, 4, 6, 7, 11, 13, 26, 29 and 46 under 35 U.S.C. § 103(a) as allegedly obvious over Wagner, Hawkins, Minton and Chichilnisky.

Claim 3 represents this claim group. Claim 3 recites, in part, "wherein, as a result of detecting a corporate action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub, said messages containing information pertaining to said open transaction orders affected by the corporate action…" The Examiner cites Chichilnisky at paragraphs 0021, 0054-0061, 0087, 0104-0105 and 0131 as allegedly teaching these limitations. However, Chichilnisky makes no such teaching or suggestion at these locations or elsewhere.

As indicated by the abstract and cited portions, Chichilnisky relates to providing capture of corporate actions event information and enabling reporting of updates on portfolios for corporate actions events. No disclosure of any element that transfers one or more messages containing information pertaining to an open transaction order affected by a corporate action as a result of detecting the corporate action can be found. Specifically, Chichilnisky discloses a system that **enables** reporting of updates on portfolios for corporate actions. (Chichilnisky ¶¶ 0103-0104). However, a system that merely **enables** reporting does not teach or suggest one that actually transfers one or more messages "as a result of detecting a corporate action…" Although detection may be necessary to enable reporting as in Chichilnisky, detection does not **cause** the transfer of a message as in Appellants' claimed limitation. Furthermore, Wagner, Hawkins and

Minton, whether considered alone or in combination with Chichilnisky, fail to teach or suggest the quoted limitation.

Moreover, independent claim 3 recites, in part, "wherein, as a result of receiving said messages, the global hub forwards at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to open transaction orders placed by said introducing affiliate." Chichilnisky fails to disclose any element that forwards at least one message containing information pertaining to an open transaction order placed by the element as a result of receiving the message. Specifically, Chichilnisky discloses a second and third component of a host system that "provide[ ] automated workflow and reconciliation for the processing of... information..." (Chichilnisky ¶ 0059). As discussed above, mere enablement (or, in this case, provision) of an action fails to teach or suggest performance of the action **as a result of** the occurrence of a condition. Additionally, Wagner, Hawkins and Minton fail to satisfy Chichilnisky's deficiencies.

Further, Chichilnisky discloses reporting updates on **portfolios** for corporate action events. (Chichilnisky ¶ 0104). By contrast, Appellants' claimed limitation recites, in part, "a corporate action pertaining to one or more open transaction orders" and "messages containing information pertaining to said open transaction orders..." A portfolio, as would be understood by one skilled in the art, is a collection of investments owned by the same individual or organization. An open transaction order, however, would be understood to be an order to buy or sell a security that has not yet been completed (e.g., payment for the security has not yet occurred). Thus, a corporate action event that updates a "portfolio" fails to teach or suggest "a corporate action pertaining to one or more open transaction orders" and "messages containing information pertaining to said open transaction orders affected by the corporate action" as required by Appellants' quoted limitation.

Examiner appears to cite Minton to satisfy this deficiency. Minton, however, also fails to teach or suggest Appellants' claimed limitation. Minton teaches the ability to automatically reduce or not automatically reduce a limit price based on detecting the

payment of a dividend. (Minton col. 11, ℓ. 20-25). Thus, a dividend payment in Minton affects the automation of a transaction. In asserting that Minton teaches "detecting a corporate action... pertaining to limit order..." (Final Office Action p. 3, second full paragraph), Examiner appears to analogize Minton's "limit order" with Appellants' "open transaction order." Although limit orders and open transaction orders are similar, Minton is completely silent as to "messages containing information pertaining to said open transaction orders affected by the corporate action." Indeed, Minton makes no mention of messages at all. The cited portion of Minton purports to automatically reduce a limit price upon a dividend payment only if the "do not reduce field" is not checked (Minton col. 11, ℓ. 20-25); otherwise, the dividend payment does not affect any aspect of Minton's invention. That is, Minton's purpose is to automatically react (i.e., by adjusting the limit price downward) to a dividend payment if the "do not reduce" field is not checked. Thus, no message is necessary to Minton, and Minton certainly does not teach or suggest "messages containing information pertaining to said open transaction orders affected by the corporate action."

Examiner admits that Chichilnisky fails to teach the quoted limitation, stating that "Chichilnisky teaches . . . said at least one of the messages contains information **pertaining to portfolios** of said introducing affiliate" (Final Office Action p. 3, first full paragraph, emphasis added). As Appellants noted above, portfolios and open transaction orders are vastly different, and thus Chichilnisky cannot be said to teach or suggest, at least, "messages containing information **pertaining to said open transaction orders** affected by the corporate action" (emphasis added). Wagner and Hawkins fail to satisfy the foregoing deficiencies.

Claims 4, 6, 7, 11, 13, 26, 29 and 46 are included in this group either because they depend on claim 3, comprise limitations similar to those of claim 3 and/or depend on a claim that comprises limitations similar to those of claim 3. Based on the foregoing arguments, Appellants kindly request that the rejections against the claims in this group be reversed.

C.   **The Examiner erred in rejecting claim 12 under 35 U.S.C. § 103(a) as allegedly obvious over Wagner, Hawkins, Harada, Minton and Chichilnisky.**

The Examiner erred in rejecting claim 6 using Wagner, Hawkins, Minton and Chichilnisky at least for the reasons explained above. Claim 12 depends on claim 6. Thus, the Examiner erred in using Wagner, Hawkins, Minton and Chichilnisky to reject claim 12. Further, Harada fails to satisfy the deficiencies of Wagner, Hawkins, Minton and Chichilnisky. Thus, the Examiner erred in rejecting claim 12 using Wagner, Hawkins, Harada, Minton and Chichilnisky. Appellants respectfully request that the rejection against claim 12 be reversed.

D.   **The Examiner erred in rejecting claims 21, 22, 24 and 25 under 35 U.S.C. § 103(a) as allegedly obvious over Hawkins, Harada, Minton and Chichilnisky.**

Examiner admits that claims 21, 22, 24 and 25 recite limitations similar to those recited by claim 3 and rejects claims 21, 22, 24 and 25 using Hawkins, Minton and Chichilnisky under the same rationale. As explained above, however, the Examiner erred in rejecting claim 3 using Hawkins, Minton and Chichilnisky. Harada fails to satisfy these references' deficiencies. Thus, the Examiner erred in rejecting claims 21, 22, 24 and 25 using the combination of Hawkins, Harada, Minton and Chichilnisky. Appellants kindly request that the rejections against the claims in this group be reversed.

E.   Conclusion

For the reasons stated above, Appellants respectfully request that the rejections be reversed, and the claims set for issuance. It is believed that no extensions of time or fees are required, beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 C.F.R. § 1.136(a), and any fees required (including fees for net addition of claims) are hereby authorized to be charged to Conley Rose, P.C.'s Deposit Account No. 03-2769.

Respectfully submitted,

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VIII.   CLAIMS APPENDIX

3.   A computerized system for trading securities and commodities, comprising:

a computerized introducing affiliate in a first country suitable for accepting a transaction order from a customer and transmitting said transaction order electronically, said transaction order being for the handling of a security or commodity;

an exchange on which said security or commodity is traded;

a computerized executing affiliate in a second country suitable for electronically receiving said transaction order and executing said transaction order on the exchange; and

a global hub connected between said introducing affiliate and said executing affiliate, wherein said global hub electronically routes said transaction order from said introducing affiliate to said executing affiliate,

wherein said transaction order is to sell an equity, and said executing affiliate electronically transmits proceeds from said sale of said equity to said global hub;

wherein, as a result of detecting a corporate action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub, said messages containing information pertaining to said open transaction orders affected by the corporate action;

wherein, as a result of receiving said messages, the global hub forwards at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to open transaction orders placed by said introducing affiliate.

4.   The system of claim 3, wherein said global hub transmits said proceeds to said introducing affiliate.

6.   A computerized system for trading securities and commodities, comprising:

a computerized introducing affiliate in a first country suitable for accepting a transaction order from a customer and transmitting said transaction order electronically, said transaction order being for the handling of a security or commodity;

an exchange on which said security or commodity is traded;

a computerized executing affiliate in a second country suitable for electronically receiving said transaction order and executing said transaction order on the exchange; and

a global hub connected between said introducing affiliate and said executing affiliate, wherein said global hub electronically routes said transaction order from said introducing affiliate to said executing affiliate,

wherein said transaction order is to purchase an equity, and said introducing affiliate electronically transmits currency for said purchase of said equity to said global hub;

wherein, as a result of detecting a business action pertaining to one or more open transaction orders, the computerized executing affiliate transfers one or more messages to the global hub, said messages containing information pertaining to said open transaction orders affected by the business action;

wherein, as a result of receiving said one or more messages, the global hub forwards at least one of the messages to the computerized introducing affiliate, said at least one of the messages contains information pertaining to open transaction orders placed by said introducing affiliate.

7. The system of claim 6, wherein said global hub transmits said currency to said executing affiliate.

11. The system of claim 6, wherein each of said transaction orders requires a trade of a first currency to a second currency, and said global hub converts said first currency to said second currency.

12. The system of claim 11, wherein said global hub is connected to a foreign exchange rate information source and a foreign exchange rate bank, said global hub sending said first currency to said foreign exchange rate bank and receiving in return said second currency.

13. The system of claim 6, wherein the introducing affiliate maintains a customer account corresponding to said customer, and wherein other than said transaction order, said introducing affiliate does not send information pertaining to said customer account to said global hub.

21.   A method of selling a security or commodity, comprising the acts of:

accepting an electronic transaction order from a first customer in a first country to sell a stock, said stock being traded on a first financial exchange;

checking an account in a customer account for said first customer to determine if said customer owns said stock;

electronically transmitting said transaction order to the first financial exchange via a global hub, said global hub being electronically connected to at least a second financial exchange and said first financial exchange;

selling said stock on said first financial exchange;

electronically transmitting proceeds from said sale of said stock from said first financial exchange to said customer account via the global hub;

as a result of a business action, transferring one or more messages to the global hub, said one or more messages containing information pertaining to said open transaction orders affected by the business action;

as a result of receiving said one or more messages, forwarding at least one of the messages to the customer, said at least one of the messages contains information pertaining to open transaction orders placed by said customer.

22.   The method of claim 21, wherein said first financial exchange is in a second country.

24.   The system of claim 21, wherein said step of selling said stock includes said global hub electronically transmitting said transaction order to an executing affiliate that sells said stock on said first exchange.

25.   The system of claim 24, wherein said executing affiliate is in a second country.

26.   A method of buying a security or commodity, comprising:

entering a transaction order into a first computerized system, said transaction order being for the purchase of a security or commodity;

transmitting said transaction order electronically to a second computerized system, said second computerized system being connected to a plurality stock exchanges in a plurality of countries; and

receiving from said second computerized system execution details regarding the purchase of said security or commodity in response to said transaction order, said purchase of said security or commodity being made by a stock exchange member connected to said second computerized system,

wherein said first computerized system maintains a customer account in a first currency and said security or commodity trades on a stock exchange in a second currency, and

wherein said second computerized system converts said first currency to said second currency to purchase said security or commodity;

wherein, as a result of a business action, the second computerized system transfers one or more messages to the global hub, said one or more messages containing information pertaining to said open transaction orders affected by the business action;

wherein, as a result of receiving said one or more messages, the global hub forwards at least one of the messages to the first computerized system, said at least one of the messages contains information pertaining to open transaction orders placed by said first computerized system.

29.   The method of claim 26, wherein said second computerized system connects to stock exchanges in at least three countries.

46.   The system of claim 3, wherein said corporate action comprises an action selected from the group consisting of stock splits, reverse splits, name changes, stock symbol changes, mergers, voluntary tender offers, mandatory tender offers, exchange offers, rights offerings, warrant exercises, and dividend payout.

IX.   EVIDENCE APPENDIX

None.

X.   RELATED PROCEEDINGS APPENDIX

None.